

Date: May 13, 2011

To: Thomas J. Bonfield, City Manager

Through: Michael Barros, Director
Department of Community Development

From: Diana Monaco, Assistant Director, Fiscal Management and Planning
Administration, Department of Community Development (DCD)

Subject: Grant Project Ordinance (GPO) Amendments for Community
Development Block Grant (CDBG) and HOME Program Grant for 2010
Actual Program Income Received

Executive Summary

The proposed CDBG and HOME GPO amendments are intended to supersede those ordinances that were adopted in 2010. The DCD completed a reconciliation of the FY 2010 entitlement grants represented in the general ledger along with the Federal System called IDIS, which reports the City's grant performance to the United States Department of Housing and Urban Development (HUD). The amount of revenues received for fiscal year-end 2010 was greater than what was estimated. The amount of revenue received in the IDIS is equivalent to that represented in the general ledger for EOY 2010. The GPO amendments will correctly appropriate the actual amount of program income recorded and the actual grant amount awarded by HUD. Additional appropriations of program income have been allocated to activities represented in the Annual Action Plans.

The DCD recommends that the City Council:

- 1) Adopt the GPO amending CDBG Ordinance #13860 to recognize the actual program income received during FY 2010 from \$195,000.00 to \$308,934.32 and the actual grant award from HUD from \$1,938,130.00 to \$1,938,013.00.
- 2) Adopt the GPO amending HOME Ordinance #13790 to recognize the actual program income received during FY 2010 from \$250,000.00 to \$495,260.39.

Background

Commencing with each fiscal year, the City of Durham is awarded entitlement grant funds from HUD under the CDBG and HOME Program to pursue development and redevelopment. An assumption for program income is estimated at the commencement of each program year for the CDBG and HOME grant. Since program income is estimated at the beginning of the year, the actual amount received after the fiscal year has closed needs to be recognized in the general ledger and should match the amount represented in IDIS, the federal system. The actual amount received may be higher than estimated or lower depending on revenues received from our loan portfolio and other real property activities during the fiscal year. The CDBG and HOME GPO amendments will correctly recognize the actual program income received and grant funds awarded by HUD during the above referenced fiscal year. The proposed ordinance amendments will appropriate any additional income received to support projects outlined in the Annual Action Plans.

Analysis

The estimated program income compared to actual revenues received and the actual grant award amount for FY 2010 both in the general ledger and the IDIS are represented below.

FY 2010	Old Ordinance #13860	New Ordinance
CDBG award	\$1,938,130.00	\$1,938,013.00
Program Income	<u>195,000.00</u>	<u>308,934.32</u>
Total	\$2,133,130.00	\$2,246,947.32

FY 2010	Old Ordinance #13790	New Ordinance
HOME award	\$1,370,600.00	\$1,370,600.00
Program Income	<u>250,000.00</u>	<u>495,260.39</u>
Total	\$1,620,600.00	\$1,865,860.39

Alternatives

Without this action, the actual program income received would not be represented in the general ledger and would not match the amounts in IDIS.

Financial Impacts

There will be no fiscal impact in the general fund. The GPO amendment changes for grant year 2010 will have a positive effect in the general ledger to match the reporting grant amounts represented in the federal system, IDIS.

Recommendation

The Department of Community Development recommends that the City Council adopt the U.S. Department of Housing and Urban Development Community Development Block Group (CDBG) FY 2009-2010 Grant Project Ordinance Superseding Ordinance #13860; and adopt the U.S. Department of Housing and Urban Development HOME Consortium Program FY 2009-2010 Grant Project Ordinance Superseding Ordinance #13790.